Reflections on Relationships Between NGOs and Corporations

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This review essay reflects on relationships between the NGO activism and advocacy movement and corporations. The essay does so through a review of Yaziji and Doh's 2009 book *NGOs and Corporations: Conflict and Collaboration*. The review essay considers the strengths and weaknesses of the book in relationship to our understanding of NGOs. The essay emphasizes that both NGO and corporate perspectives are important in assessing NGO–corporation relationships.

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Nongovernmental organizations (NGOs) are a highly diversified set of organizations that are independent from the state and formally organized on a nonprofit basis. Among them are activist or advocacy NGOs, concerned with some specific policy issue area, such as human rights or environmental protection. The NGO activism and advocacy movement is an important aspect, today, of business and society relationships.

NGOs and Corporations, by Yaziji and Doh, seeks to systematically explore the relationships between NGOs and corporations. The book contains nine chapters, divided in four parts, and includes seven case illustrations. The first part of the book provides some useful conceptual distinctions. Part II focuses on NGO advocacy campaigns. Parts III and IV develop insights into how managers might deal with NGOs and sketches a picture of future corporate–NGO relationships. The case illustrations provide real-life

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and more in-depth insights in corporate–NGO relationships and as such are a nice complement to the more abstract chapters.

Thus far, the relationships between corporations and those entities that can loosely be referred to as NGOs have predominantly been approached from a stakeholder perspective. This stakeholder approach has sensitized managers for the needs and rights of those groups in society that are not directly essential to the economic survival of the firm, but it has also produced a simplified picture of those groups. The stakeholder approach suggests (a) that there may be moral rights associated with such entities that legitimate their stake in the firm and (b) that given such rights the firm should strive for a balance between their interests and those of shareholders and other stakeholders. As has been exposed by others before, such entities cannot be properly understood through the instrumentality that is associated with the idea of them being solely pursuing a particular stake (e.g., de Bakker & den Hond, 2008). They are not just "interest-driven"; they also have identities (Rowley & Moldoveanu, 2003) and ideologies (den Hond & de Bakker, 2007) that influence whether, when, and how they will mobilize in relation to corporations. Hence, although it may be wise for managers to consider the legitimacy and urgency of the claims following from their interests and the power that they have (Mitchell, Agle, & Wood, 1997), the question really is how such entities may develop leverage over the firm.

Yaziji and Doh subscribe to such perspectives that do more justice to the question of what NGOs are, what motivates them, and why and how they mobilize in relation to firms, by relating them to notions of voluntary association, collective action and social movements (rather than sticking to the negative definition of organizations that are independent from the state and that do not operate in the market, at least not with a profit motive as their sole or primary goal), and by acknowledging that many of the advocacy NGOs are ultimately motivated to bring about institutional change. So what are, according to Yaziji and Doh, these entities they refer to as NGOs? They are "private, not-for-profit organizations that aim to serve particular societal interests by focusing advocacy and/or operational efforts on social, political and economic goals, including equity, education, health, environmental protection and human rights" (Yaziji & Doh, 2009, p. 5).

Some Key Distinctions

The set of entities covered by this definition is analytically distinguished along two dimensions, creating a two-by-two matrix. On one hand, there is the question of who are the beneficiaries of their activities? They may work for the interests of their own constituency ("self-benefiting" NGOs), or they may work for the interests of others ("other-benefiting" NGOs). On the other hand, there is the question of what sort of activities they undertake? They may provide services, either for the interests of their own constituency or for other interests, or they may engage in advocacy, that is, in activities that seek to convince other parties (especially governments and firms) to change policies or practices. Thus AA–Alcoholics Anonymous provides services to its members, whereas MSF—Médecins sans Frontières/Doctors without Borders provides services to others; AI–Amnesty International and Greenpeace are advocacy NGOs working for the benefit of others, whereas trade associations work for the interests of their members. Of course the distinctions are not mutually exclusive, as labor unions provide both services and engage in advocacy for the benefit of their members and, moreover, increasingly are involved in advocacy for others when supporting the institutionalization of labor unions in developing countries.

Furthermore, the authors suggest that the advocacy by NGOs comes in two forms; advocacy can be oriented to reinforce the institutional environment by challenging infringements on it ("watchdog" NGOs) or to change the institutional environment by exposing its deficiencies and proposing some alternative ("social movement" NGOs that support "proxy campaigns"). The latter are believed to be more ideologically radical than watchdog NGOs. The Sierra Club and World Wildlife Fund (WWF) would be examples of watchdog NGOs, whereas Greenpeace and Friends of the Earth are more of the social movement type. Again, there is no clear distinction as some NGOs engage in both types of advocacy.

Finally, it is asserted that both types of NGOs tend to operate in networks to benefit from each other's experiences and resources and thereby increase their clout. One possible theoretical development then is to apply the concept of stakeholder networks to NGO networks, with NGOs substituting for stakeholders (see Rowley, 1997).

In the light of the positioning of NGOs in the world of voluntary associations and social movements, I find it somewhat disappointing that Yaziji and Doh do not make sufficient use of all these important distinctions in their further analysis. It is perhaps because of this deficiency that the message to managers is not that different from earlier advice based on stakeholder perspectives. Advice boils down to trying to prevent becoming a target and trying to establish a working relationship and trust with NGOs. In short, engage and collaborate. In doing so, of course, firms may proactively select those NGOs with which to engage that are of most strategic value to the firm. And of course, in doing so, either the firm must be up-to-date in relation to any claims NGOs might have or be prepared to make adjustments in policies and priorities in line with the standards and expectations of these NGOs. Taking Yaziji and Doh's distinctions seriously might have resulted in more novel or better informed advice. Their inability to do so is perhaps a reflection of the state of the art in the academic literature. Therefore, the following should be read more as an attempt to suggest meaningful questions for future research than as a critique of Yaziji and Doh's work.

For example, if there is a range of more and less radical NGOs that firms could collaborate with, would managers be better advised to engage with the more or with the less radical NGOs? Under what conditions, or how might working with less radical NGOs shield the firm from being challenged by more radical NGOs? Arguably, collaboration with the most radical NGOs would be impossible to establish if their ideology is fundamentally anti-capitalist or if it challenges the operational basis of the firm, as for example might be the experience of some firms that use animals for the testing of drugs or breed them for their furs, meat, or other products. The case illustration of PETA and KFC might have been used to further explore this issue. Expanding the issue, if NGOs typically operate in networks, another question might be how the relationship between firms and NGOs might be affected by such networks, either in structural terms (Rowley, 1997) or in terms of the identities and ideologies of the NGOs within the network.

Some Additional Issues

Another issue is that the emphasis of the analysis is on advocacy NGOs. This emphasis comes as no surprise, as arguably most of the engagement with NGOs that firms experience is with this type of NGOs. However, I find this emphasis unfortunate because Yaziji and Doh now forgo the possibility to put the relationships between NGOs and firms in a broader perspective that might also involve topics such as philanthropy and cause-related marketing.

Furthermore, there are two issues that I find lacking in the discussion. One is the emergence of what might be called financial activism. Increasingly, in seeking leverage over the firm, some NGOs have become shareholders to speak on annual general meetings, have formed alliances with socially interested shareholders, or have sought to influence the investors' risk perceptions associated with investing in the firm. Hence different forms of financial activism are additional routes for NGOs to bring their concerns to the corporate agenda.

Another omission is the lack of a discussion of the potential outcomes of NGO–firm engagement. David Vogel recently suggested that different sorts of NGO activism at best have marginal consequences to firms (Vogel, 2005), which suggestion somewhat resounds in the rather bleak picture that is sketched toward the end of the book of what NGOs might actually accomplish. Of course, this bleak picture does not deny the possibility that the firm can be better off by seeking beneficial collaborations with carefully selected NGOs. But it does raise the question as to why collaboration with NGOs would be in general a beneficial approach. Normatively, collaboration might be the option of choice, but instrumentally, some firms are perhaps better advised to try to avoid NGOs altogether. In the oil and gas industry, for example, Exxon has an entirely different approach to NGOs, but does not seem to fare any better or worse, than Shell and BP. Hence, under what circumstances might a positive, proactive, collaborative approach to NGOs be beneficial to the firm is a relevant question.

An NGO Perspective

In the above, a managerial perspective was privileged as it is in the book. If the perspective is on the NGO side of the relationship, however, some additional issues might be brought forward. For example, there is the question of why NGOs seek to engage with firms or, more fundamentally, why NGOs exist in the first place? Yaziji and Doh have a very instrumental explanation to this question: they are responses to market and regulatory failures. If markets fail to provide services or produce externalities, and if states do not interfere by implementing regulations or fulfilling unsatisfied needs themselves, NGOs step in. This thesis is fine enough as a starting point, but it needs to be further elaborated. Here, Yaziji and Doh fall victim to the problem with the stakeholder perspective that I exposed earlier: NGOs are seen in a one-dimensional way, their interest being defined by the "failure" they seek to address. But it is well-known from the sociology of social movements that a grievance is an insufficient condition for social movements to form. Moreover, given their existence, NGOs usually have constituencies, and thereby identities, which may render their behavior more complex than being solely "interest driven" (Rowley & Moldoveanu, 2003). Managers are ill advised in how to deal with NGOs if that advice is solely based on their (presumed) interests.

Furthermore, as argued above, *NGOs and Corporations* offers the strong suggestion that collaboration with NGOs is beneficial to firms. But what is in such collaboration for NGOs? There is less discussion on why NGOs would collaborate with firms or what would be beneficial to them in collaborating with firms. One complication here might be the reproach that NGOs collaborating with firms may receive from other NGOs, namely, that they "sell out" to corporate interests. A better understanding of what are the needs of NGOs in relation to the issue of cooptation would be helpful in understanding the limits and conditions of collaboration between NGOs and firms.

Conclusion

Overall, I would suggest that *NGOs and Corporations* is a timely book, given the increased interest in the relationships between NGOs and corporations, and a laudable effort, given that the topic area is relatively new. I was hence looking forward to reading *NGOs and Corporations*, as bringing together the disparate insights that have been developed so far might be useful as an introduction to the topic for students, academics, and business practitioners alike and potentially may also help advancing academic research. I trust Yaziji and Doh's book will serve both purposes.

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